



**TRINITY**

MANAGEMENT SERVICES

1145 Market Street, Suite 1200  
San Francisco, California 94103  
Phone (415) 864-1111 ❖ Fax (415) 294.4540

April 29, 2013

Mr. John Updike  
City and County of San Francisco  
Real Estate Division  
25 Van Ness Avenue, Suite 400  
San Francisco, CA 94102

RE: 1145 Market Street, San Francisco  
City and County of San Francisco - San Francisco Law Library and The Sangiacomo  
Family Trust, UTD 5/24/94

Dear John:

Thank you for your interest and consideration in leasing 1145 Market Street, San Francisco.

We are pleased to submit this counter Letter of Intent outlining the basic business terms and conditions of a proposed lease between the City and County of San Francisco a municipal corporation, (as "Tenant") and, The Sangiacomo Family Trust, UTD 5/24/94 (as "Landlord") at 1145 Market Street, San Francisco (the "Building").

1. **PREMISES:** The Initial Premises shall consist of the entire 4<sup>th</sup> floor – approximately 13,155 rentable square feet. The Additional Premises shall consist of the south side of the 2nd floor – approximately 6,845 rentable square feet.
2. **LEASE TERM:** Five (5) years commencing upon i) full execution and exchange of the lease and ii) Landlord shall deliver the Premises to Tenant with specified leasehold improvements for the 4<sup>th</sup> floor having been substantially completed by Landlord and accepted by Tenant, whichever occurs later. The Initial Lease commencement date is expected to be no later than July 1, 2013. The Additional Premises on the 2<sup>nd</sup> floor shall be added to the Premises and rent based on the rent PSF shall commence upon the later of (i) improvement and delivery of the Additional Premises or (ii) January 1, 2014, unless an earlier date is acceptable to City.

The Tenant has the on-going right to terminate the lease after January 1, 2014 in the event City cannot accommodate in the Building any requirement by Court order or if the requirement for a Law Library for the City is eliminated by law or process of law. City shall provide one hundred eighty (180) days advance written notice with reasonable substantiation of the above to Landlord. In the event of termination, Tenant shall pay Landlord its

unamortized costs which shall include all Landlord expense, including Tenant Improvement, hard cost, soft cost and leasing commissions inclusive of seven percent (7%) annual interest.

Legal Fees  
up to \$200  
M2  
JH

3. **USE:** Office. The San Francisco Law Library, currently located at 401 Van Ness Avenue, is the targeted potential user for the Building.

4. **BASE RENT (NET OF UTILITIES):**

Months 1-12: \$39.00 per rentable square foot, per year

Each year thereafter the Base Rent shall increase by four percent (4%) per annum.

5. **BASE YEAR:** Operating expenses and property taxes Base Year shall be 2013.

6. **BASE BUILDING IMPROVEMENTS/TENANT IMPROVEMENTS:** Landlord, at Landlord's sole cost and expense, shall build out Tenant's requested improvements as per a mutually agreed upon space plan. Landlord's total obligations for tenant improvements will be capped at \$25.00 psf.

7. **RIGHT OF SELF-HELP:** Tenant shall have the right of self-help for completing any necessary additional Tenant Improvements and/or Base Building Improvements throughout the term of the lease. The conditions for the Right of Self-Help will include a copy of all permits, insurance, Tenant cannot tap into Building Systems, Landlord has right to inspect work and have a Supervision fee of \$100.00 per hour.

8. **RENEWAL RIGHT:** Tenant shall have one (1) five (5) year option to extend the Term of the Lease. Tenant shall notify Landlord in writing not less than twelve (12) months prior to lease expiration of its intent to exercise its renewal option.

The Annual Base Rent and all other business terms within the Lease Agreement of the additional term shall be 95% of the then Fair Market Value rent for the Premises. Fair Market Value shall be defined in the Lease Agreement as the effective rent being paid by tenant of equal creditworthiness for buildings of comparable, size, quality, location and zoning.

Tenant's exercise of such renewal option shall be subject to authorizing legislation within 75 days.

9. **PURCHASE RIGHT:** The City and County of San Francisco shall have a one-time first right of offer to purchase 1145 Market Street as further defined in the Lease Agreement. Landlord will provide tenant with a purchase price and Tenant will have 30 days to respond and accept. If tenant does not respond or accept offer within 30 days Tenant will lose right to purchase 1145 Market Street. To be further defined in the Lease.

10. **DAMAGE AND DESTRUCTION:** To be addressed in the Lease.

11. **ADDITIONAL SERVICES:** Tenant, at its sole cost, shall have the right to request that Landlord perform lease related services or incur additional expenses not covered under the lease that Tenant may require from time to time as requested by the City and County of San

Francisco's Real Estate Division. Tenant shall reimburse Landlord for such expenses, at rates agreed-upon in advance, and as they are incurred, plus service fees.

12. **MAINTENANCE REPAIR:** Landlord shall maintain the Premises and the Building in a First Class condition.
13. **ASSIGNMENT AND SUBLET:** Tenant shall have the right to sublease or assign the lease agreement of all or any part of the Premises during the lease or option term with Landlord's prior written consent. Landlord shall be entitled to retain 100 % of any net subleasing or assignment profits after subtracting all direct costs associated with the subleasing. The above notwithstanding, use of the space or sublease(s) to any Tenant departments, shall be subject to Landlord's approval.
14. **CITY LEASE FORM:** The lease agreement shall be based on the most current lease completed between the Landlord and City and County of San Francisco. The final lease is subject to negotiations with Tenant through its Director of Property, and approval by the City's Director of Property, City Attorney, Board of Supervisors and Mayor, in their respective sole and absolute discretion.
15. **OTHER CITY CLAUSES:** Landlord shall comply with the provisions (as applicable) specified in the San Francisco municipal code.
16. **LANDLORD REPRESENTATIONS:** Landlord represents and warrants that it has good and marketable title to the Premises, that the building ownership knows of no property defects or conditions which would affect the City's intended use of the Premises, that Landlord has no knowledge or any hazardous materials or contamination in or about the Premises, and that as of the commencement date of the lease.
17. **EXPIRATION:** This lease proposal shall expire unless acceptance is delivered to Trinity Management Services, 1145 Market Street, Suite 1200 by April 30, 2013 at 5:00 PM.

*City also acknowledges that Landlord's agreement to this Lease proposal is at Landlord's option contingent on the completion of the 2<sup>nd</sup>*

City and Landlord understand and agree that this letter is not intended to be, and shall not become, contractually binding on either City or Landlord and no legal obligation shall exist unless and until City and Landlord have negotiated, executed and delivered a mutually acceptable and authorized Lease Agreement. In addition, Landlord acknowledges and agrees that under City's Charter no department, commission, officer or employee of City has authority to commit City to the transactions contemplated by this letter unless and until appropriate legislation of City's Board of Supervisors has been duly enacted and approved by the Mayor, each in their respective sole and absolute discretion approving the Lease Agreement and the transactions contemplated thereby and appropriating all necessary funds, in compliance with all applicable laws. The Director of Property, on behalf of City, and Landlord will, attempt in good faith to use the above terms and conditions as the initial base to negotiate and enter into a Lease Agreement in form and content acceptable to each party, in each party's respective sole and absolute discretion.

*Lease Proposal for city's Health service System. MJ. J21*

We look forward to your reply, and please contact Mia Sangiacomo at 864.1111 if you have any questions regarding this matter.

Best Regards,

*Mia Sangiacomo*

Mia Sangiacomo  
President

**CONFIRMED:**

City and County of San Francisco

By: *JFK*

Dated: *4-29-2013*

**CONFIRMED:**

The Sangiacomo Family Trust, utd 5/24/94

By: \_\_\_\_\_

Dated: \_\_\_\_\_